

State's Workforce Plan Seeks to Wed Development Goals, Training Programs

Second of Two Parts

Last August, Congress passed one of the most important pieces of workforce development and training legislation in more than a decade. The Workforce Investment Act of 1998, a

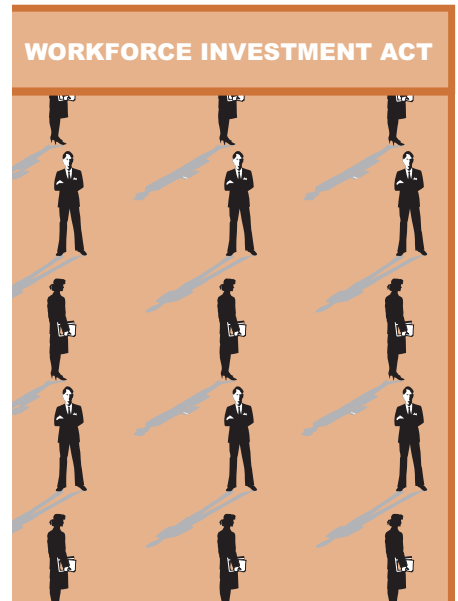
ANALYSIS

bipartisan bill five years in the making, provided states with more flexibility and input, while supplying more accountability for tax dollars.

As pointed out in the Fall 1998 issue of *AET*, the new law made numerous changes to streamline and unify the nation's job-training system, which one public official said "was not a system at all, but a gerrymandered assemblage — a scattering of seemingly unrelated programs, multiple small pots of funding, and myriad agencies and committees in which governance

was fragmented and accountability to Congress was impossible."¹

Among major changes was the creation of individual training accounts (or skills grants), which empower customers by giving them more choice and control over their training and re-training by having access to information on the quality and success of training providers. Related to that, WIA calls for more accountability by requiring training providers to meet higher certification requirements and performance standards (e.g., job placement, earnings, job retention). The new law also provides universal access to "core services" — job search and placement assistance, labor market information, initial skills and needs assessment — through an existing nationwide network of One-Stop Career Centers. In addition, the law gives business a more active role in ensuring the system prepares



jobseekers for current and future jobs, by giving industry officials the majority of seats on a state's workforce investment board and calling for more coordination with economic-development policy. And finally, WIA allows job-training policy to take a more bottoms-up approach,

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In Search of Higher-Paying Jobs

1997 Executive Order Started Process for Upgrading Skills

If someone said that employment in Arizona wasn't growing fast enough, you probably *would not* think twice about asking where that person had been during the last decade. After all, Arizona has ranked in the top three among all states in percentage growth of jobs for the last five years and nearly every month

during the last year has been setting new state employment records.

But what if someone said that high-wage jobs weren't growing fast enough in Arizona? You probably *would* have to think twice before answering.

Nearly two years ago, Executive Order 97-4 was issued by then Gov. Fife Symington in an attempt to

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address this issue and other workforce-development issues as part of an overall plan to coordinate the training and education needs of Arizona's workers with the employment needs of business (see Table 1). The executive order had grown out of several years of studies that showed the state needed a "strategic approach to developing Arizona's workforce ... which better responded to industry demand, maximized client's career and earning potential and, at the same time, recover the investment in these programs in the form of revenue to the state."¹

At about the same time, the Office of Workforce Development Policy was moved from the Governor's Office to the Department of Commerce to unite with the Governor's Strategic Partnership for Economic Development (GSPED), which was already housed at the Commerce Department. It had already been decided that GSPED — and its prime focus of enhancing economic growth through development of industry clusters and foundations (see related story) — would be the driving force behind implementation of the executive order.

Also, the state decided that in order to create a streamlined, comprehensive workforce-development system, it would merge three separate workforce councils (in three separate agencies) into one group called the Governor's Council on Workforce Development Policy, with the Commerce Department director appointed as chair.

And about a year later, the first draft of "Arizona's Workforce Development System Comprehensive Plan" was issued and endorsed by the council. In the initial draft, the plan's goals were quite dramatic, calling for aligning the state's 34 education, employment, and training programs with the state's GSPED policy.² In other words, tying in em-

Table 1

Major Goals of Arizona's Comprehensive Workforce Development Plan, Established by Governor's Executive Order 97-4

- Identify workforce resource investment needs of state and recommend strategies to meet those needs.
- Establish goals for development and coordination of education, training, and employment systems.
- Evaluate progress toward meeting goals.
- Identify need for waivers, administrative changes, statutory changes or new legislation to achieve goals.
- Identify opportunities to coordinate and consolidate economic-development, workforce-development, and education initiatives, policies and programs.

Source: Arizona's Workforce Development System Comprehensive Plan, September 1998

ployment and training plans with economic-development policy. To accomplish this, however, would require, at a minimum, obtaining waivers from the federal government, which funds most of the state's training programs. Also, many of the 34 training programs may be consolidated into a streamlined system over time.

Now move forward to February 1999. Congress has passed the Workforce Investment Act (WIA) of 1998, which overhauled the Job Training Partnership Act (JTPA) and the state's three largest and most visible employment-training populations (adult, youth, and dislocated worker). The Office of Workforce Development Policy has traveled the state to explain and receive input on its comprehensive plan. And two additional drafts of the plan have been issued, with the final draft incorporating WIA changes into the plan, as well as broadening the areas of approved workforce training to include occupations within the seven GSPED foundation groups (e.g., Physical Infrastructure). "However, the intent of the plan remains

essentially unchanged — to create a workforce development system that parallels the economic priorities of the State of Arizona," the final draft of the plan reads.³

Also unchanged are several other underlying themes of the plan: 1) not only does a workforce-development system need to supply and train higher-skilled workers, but "career earnings need to be a factor when creating or enhancing programs;"⁴ 2) enhanced forecasts of labor market demand at the state and regional/county level is needed, particularly involving industry clusters; 3) formalized linkages between state and local decision makers need to be adopted to create a framework for a state workforce-development system, which also preserves local autonomy;⁵ and 4) the state has a role to play in designing a plan to upgrade the skills of workers to make Arizona companies competitive, in particular the state's more than 100,000 small businesses, which may not be able to afford to pay for training.

To accomplish these goals, the plan calls for a two-pronged approach. "First, the state will explore

Table 2

Some of Arizona's 34 Workforce Development Programs

- Adult Education Program
- Arizona's Apprenticeship System
- Arizona's One-Stop Career Center System
- Carl Perkins State Grant Programs for Vocational Education (four)
- Employment Support Services Program
- Food Stamp Employment & Training Program
- JOBS Program
- Job Training Partnership Act Programs (Now Adult, Youth, and Dislocated Worker under WIA)
- Migrant Seasonal Farmworkers Program
- North American Free Trade Agreement — Transitional Adjustment Assistance Program
- Refugee Resettlement Program
- Rehabilitation Services Program
- School To Work Program
- Trade Adjustment Assistance Program
- Veteran Services Program

and pursue the need for new programs (e.g., 'real time' response programs; programs that retrain incumbent workers). Second the state proposes to work with state and local service providers to enhance Arizona's existing education, employment, and training programs

Table 3

Highlights of Workforce Development in Arizona

- 1992** Governor's Strategic Partnerships for Economic Development (GSPED) is established.
- 1993** Governor's Office of Employment and Training is established with a goal of creating highly skilled, flexible workforce to enhance the competitiveness of Arizona's industries.
- 1994** Governor's Office of Employment and Training is renamed Division of Workforce Development.
- 1995** Governor's Council on Workforce Development is established to serve as the state Human Resource Investment Council.
- 1996** To eliminate duplication and enhance effectiveness, Divisions of Workforce Development and School to Work are combined into newly established Office of Workforce Development Policy.
- 1997** Office of Workforce Development Policy is transferred from Governor's Office to Department of Commerce to unite with GSPED to create statewide workforce development strategy (as part of Executive Order 97-4, see Table 1).
- To eliminate duplication and facilitate development of streamlined workforce development system, three workforce councils — Governor's Council on Workforce Development, School To Work Advisory Council, and Arizona Apprenticeship Advisory Council — are merged into Governor's Council on Workforce Development Policy.
- 1998** Governor's Council on Workforce Development Policy endorses first draft of Arizona's Workforce Development System Comprehensive Plan.
- Public hearings held around state on comprehensive plan between October and December.
- 1999** Final Working Draft of comprehensive plan is adopted by council.

Source: "Workforce Development in Arizona: A Chronology of Milestone Events," Arizona Department of Commerce, Office of Workforce Development Policy

so that they are better equipped to respond to current and future industry needs – *especially the needs of the GSPED clusters and foundations*.⁶

Notes:

1. "Arizona's Workforce Development System, Comprehensive Plan," Final Working Draft, Arizona Department of Commerce, Office of Workforce Development Policy, January 1999, p. 16.
2. "Workforce Development in Arizona: A Chronology of Milestone Events," Arizona Department of Com-

merce, Office of Workforce Development Policy.

3. "Arizona's Workforce Development System, Comprehensive Plan," Final Working Draft, Arizona Department of Commerce, Office of Workforce Development Policy, January 1999, p. 2.
4. Ibid., p. 15
5. Ibid. p. 8
6. Ibid., p. 14 **AET**

—Brent Fine,
Arizona Economic Trends Editor

Plan Seeks to Wed Development, Training Programs

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by having more decisions made at the state and local level where the needs of businesses and individuals are best understood.

Regarding the last issue, each state and local investment area is obligated to develop five-year strategic plans for implementing WIA. The state, through its state workforce investment board, must develop a plan that includes performance accountability for providers, designation of local investment areas, workforce and economic-development information, and the structure of a One-Stop Career delivery system. The local plan — developed through a local workforce investment board in consultation with the state — must take into account job skills of the local area; performance measures for local providers; type and availability of adult, dislocated worker, and youth employment and training activities; and a description of the local One-Stop Career delivery system.

In Arizona, the Governor's Council on Workforce Development Policy has been designated the state's workforce investment board. The council, in concert with the Commerce Department's Office of Workforce Development Policy, is responsible for developing and overseeing the state's WIA plan (which affects three targeted populations — adults, dislocated workers, and youth), as well as setting state policy on workforce-training issues affecting 34 separate state and federally-funded education, employment, and training programs. (The total is somewhat misleading because many of the programs overlap (see Table 2 of related story).

Changes in the Offing

Enactment of WIA has not only

Table 1

Important Dates for Implementing Arizona WIA Plan

January 1999	Designate existing Governor's Council on Workforce Development Policy as State Workforce Investment Board
May 1999	Recommend to Governor final adoption of Arizona's Workforce Development System Comprehensive Plan to Governor
June 1999	Designate Local Workforce Investment Areas and certify Local Workforce Investment Boards
January 2000	Conduct public hearings on state's strategic five-year plan and finalize draft for presentation to Governor's Council on Workforce Development Policy
February 2000	Governor approves strategic five-year plan
March 2000	Submit strategic five-year plan to Department of Labor by March 31, 2000
July 1, 2000	Implementation of Arizona's WIA Plan
<i>Source: "The Governor's Roles and Responsibilities under Workforce Investment Act of 1998," February 1999</i>	

given Arizona a chance to rework its job-training programs affecting adults, dislocated workers, and youth, but rethink the state's overall job-training policies. While final details of Arizona's five-year WIA plan will not be known until May (for a planned July 1, 2000, start-up), over the past year the Office of Workforce Development Policy has laid out a blueprint for the state's workforce development goals in a policy paper entitled, "Arizona's Workforce Development System Comprehensive Plan"²

Now in its third draft, the "Comprehensive Plan" seeks to make significant changes in how Arizona spends more than \$180 million in public dollars for the state's 34 education, employment, and training programs, not just the three groups targeted by WIA. While in the recent past Arizona has used much of its federal job-training funds to target "hard-to-serve" clients (e.g., welfare recipients, high school dropouts) for

quick placement into the workforce, the state now plans to use a much broader and coordinated approach tied to state economic-development policy. In addition, the state wants to limit spending where training is not tied to upwardly-mobile career paths.

The idea is that a coordinated approach of workforce training and economic development will lead to a more efficient system of training and create a higher-skilled/higher-paid workforce because Arizona will be able to attract and expand the workforces of companies needing more and better technical skills. To accomplish this, the report says, the state's training policy "must parallel the state's plan for economic development," called GSPED (Governor's Strategic Plan for Economic Development), which focuses on the growth of industry clusters and foundations.³

Industry clusters are defined as "geographic concentrations of interde-

pendent competitive companies in related industries that do business with each other.”⁴ Successful clusters create wealth for an area through their ability to export products and through efficiencies they create by having a chain of suppliers, distributors, and ancillary service providers close together to produce products (see Figure 1).⁵ Foundations, such as Human Resources, Capital, and Physical Infrastructure, are the building blocks that support clusters. “Foundations help clusters become more competitive and, as a result, businesses within clusters grow, creating wealth for the community through new jobs, taxes, purchases, volunteers and contributions,” the plan states.⁶ So in theory, even if a state has strong industry clusters, the clusters could “collapse” if their supporting foundations are weak.

GSPED, which was developed and implemented in the early 1990s, currently has 11 industry clusters and seven foundations (see Table 2). About half of the industry clusters are in the manufacturing sector, while two clusters are tied to businesses associated with industries synonymous with Arizona — retirement and tourism. And almost all of the industry clusters would be classified as “high growth” sectors, with one major exception — mining.

One of Arizona’s most visible and successful clusters is High-Technology, which includes businesses that make aircraft and aerospace products, semiconductors, and telecommunications equipment. The semiconductor portion of high-tech has been particularly successful in recent years, having been able to attract a number of supporting and ancillary businesses, thanks in part to state legislation offering tax breaks to this industry. Employment in Arizona’s semiconductor sector, which paid an average wage of nearly \$60,000 in 1997, has grown about 10 percent just in the last two years, to around 40,000.⁷ And DES, Research Admini-

Table 2

GSPED Industry Clusters and Foundations

Industry Clusters

Bioindustry — Create and provides products and services that characterize life science activities (excluding health care delivery) such as medical devices, pharmaceuticals, research, and testing.

Environmental Technology — Create and provide products and services that utilize technology to a) monitor, eliminate, control, treat, and prevent pollution and b) conserve and restore natural resources.

Food, Fiber & Natural Resources — Grow, process, and distribute plant and animal products including edible crops, wine, cotton, livestock, processed foods, and forestry products.

High Technology — Produce products and systems for commercial aeronautics, space markets, and the military. Industries include aircraft and aircraft parts, aerospace instruments, missile systems, defense communication and detection systems, material and component suppliers to other manufacturers. Also includes computer industries, semiconductors, electronic equipment industries, and telecommunications.

Minerals and Mining — Develop, process, and supply natural mineral resources and energy.

Optics — Develop optical science and engineering applications for health, space, military, manufacturing, and environmental science industries.

Plastics and Advanced Composite Materials — Manufacture, process and/or supply following: color and additive concentrates; compounds; reinforced plastics/composites; degradable polymers; compostable polymers; epoxy resin formulators; fluoropolymers; foamed polystyrene; injection, compression, blow, rotational, or other transfer molding processes; mold makers; naphthalene polymers or monomers; organic peroxides; phenolic resins and/or phenolic molding compounds. Also included are equipment manufacturers as well as companies that supply such raw materials as graphite, resin, alloys, and fiberglass.

Senior Living — Provide medical, finance, legal, real estate, and accounting services for retirees. Focused on helping communities establish retirement development strategies.

Software — Develop, market, or distribute software products for business, scientific, and personal use. Includes products that work on a wide variety of workstations, minicomputers, and mainframe computers.

Tourism — Create and provide recreational and visitor facilities and services built around Arizona’s natural beauty. Includes cultural, historical and natural attractions, amusement parks, eating/drinking establishments, lodging and resort facilities, film production, entertainment services, sports and recreational attractions and traveler and transportation services.

Transportation and Distribution — Create and provide physical infrastructure, capital goods and services needed to carry passengers and deliver products locally, regionally, and globally via air, rail, roadway, and pipeline.

Foundations

Capital

Human Resources

Information and Communication Infrastructure

Quality of Life

Tax and Regulation

Physical Infrastructure

Technology

stration is forecasting strong growth in occupations within that industry over the next decade.⁸

According to the plan, another successful cluster group has been “Optics” — the scientific study of light and vision — which is involved with developing optical science and engineering applications for health, space, military, manufacturing, and environmental science industries. “An executive in Tucson credits the cluster strategy with linking 170 small optics and other high-tech firms in Arizona into a network that functions with the strength of a multinational corporation,” the plan says.⁹

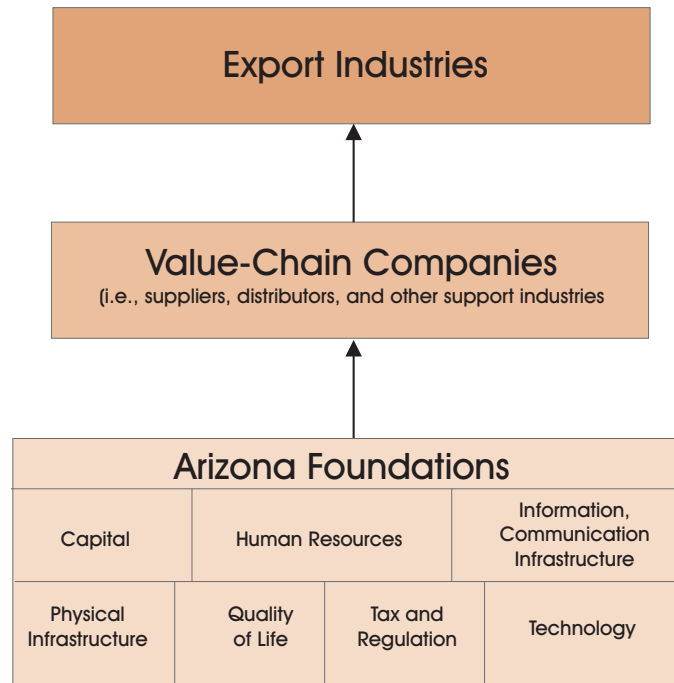
The idea of marrying economic-development goals from the state’s GSPED plan (e.g., cluster groups) with federal job-training dollars, however, has met with some resistance among local workforce-development officials and others involved with workforce training. This was particularly true after release of the first two drafts of the plan, which put a stronger emphasis on tying training to industry clusters — and not foundations.

At forums held throughout the state between October and December, and through written and verbal feedback, workforce development officials expressed their concerns about the plan’s strong emphasis on promoting industry clusters at the expense of individual choice, particularly in areas of the state that lack industry. In addition, some officials said the plan went counter to WIA’s intent to give workers more choices in the type and quality of training they want by limiting them to occupations within selected industry clusters.

With WIA, certain individuals will be eligible for individual training accounts, or ITAs. The accounts are similar to savings accounts — only offering job training tuition credits instead of money. The idea is to give individuals more control over their training activities, such as picking the

Figure 1

Structure of an Arizona Industry Cluster



Source: “Arizona’s Workforce Development System Comprehensive Plan,” Final Revision, January 1999

training provider based on information the local investment area provides (e.g., graduates’ pay, success of graduates in finding jobs) .

While eligible Arizona clients will still be able to obtain ITAs, the proposed plan would limit the type of training to jobs in specific industry clusters or foundations designated by the state. And at one of the Phoenix-area forums discussing the plan, the director of the state Office of Workforce Development Policy, C. Diane Bishop, indicated that the state does not want WIA dollars to go toward training for occupations outside cluster groups (e.g., beautician, nurse) and foundations. “Current workforce efforts not aligned with clusters cannot provide real-time responses to needs,” Bishop said at Glendale Community College.

While this policy would probably have little effect on urban areas —

where most of the cluster groups have large concentrations of employment — several workforce-development officials see problems in Arizona’s rural counties. “I’m not sure metro areas will have as big a problem as rural areas that don’t have as many clusters,” said Darcy Bucholz, director of Maricopa County’s workforce-development program under the Job Training Partnership Act, which is being replaced by WIA. “I would rather see (eligible occupations) in growth areas other than just GSPED clusters.”

Since that time, the third draft of the plan has attempted to address those concerns, pointing out that a wide array of occupations outside of the 11 industry clusters would fit under the state’s seven foundations.. “While the plan focuses some attention on developing the state’s workforce to better align with industry

clusters, there is no intention to exclude workforce training opportunities for careers 'outside' of industry clusters, but which are essential to maintaining the economic health of the state and its communities," the third draft says.¹⁰ In addition, having industry clusters tied to training "might serve as a catalyst for development in these areas," the plan says.¹¹

Bishop said that local investment areas can overcome a lack of clusters by working with economic-development officials to attract business in various clusters. For example, the information-technology cluster (Software) is not dependent on having any particular type of resource, location, or already developed infrastructure. Because of the Internet or other types of communication, software can be produced anywhere. Of course, the most difficult resource to fill would be the *human* resource — finding or training enough qualified workers.

One GSPED cluster where rural areas do have an advantage over urban areas is agriculture, which fits under the GSPED cluster Food, Fiber & Natural Resources. And economic-development officials have recently been touting a relatively new high-tech form of agriculture that needs only abundant sunshine, which can be found anywhere in the state. Tomatoes appear to be the product of choice, with 200 acres of operations under way in Willcox and Snowflake and plans for another location in Chino Valley (near Prescott). Greenhouse acreage is predicted to double by the year 2003, officials say.¹² Expect to see state legislation this year promoting tax incentives for the greenhouse industry and funding for a university program in greenhouse production.¹³

Another major debating point of the plan, however, is just how much influence economic-development policy should have over the spending of federal job-training dollars? And what was the intent of Congress

Figure 2

C. Diane Bishop, Director of the Office of Workforce Development Policy, Explains a Proposed Workforce-Training Plan to a Group at Glendale Community College



when it passed WIA? After all, in state fiscal year 1998-'99 the state provided the Commerce Department's economic-development wing with \$4.5 million for job training to induce companies to move to the state or expand operations.¹⁴ And private-sector training in Arizona currently amounts to more than \$1 billion a year, according to the plan.¹⁵

One view is that WIA calls for improved coordination between economic-development entities and job-training programs, not for economic-development policy to *control* the type of training that will be available. For example, coordination could mean tailoring a training program specifically for a relocating or expanding company, or having state training officials meeting with a company and/or economic-development officials in advance to work out a training plan. On the other hand, controlling indicates that economic-development policy should be the deciding factor in how a state uses its

federal job-training funds.

Supporting the coordination view, one workforce-development official points to a U.S. Department of Labor preliminary analysis of the law, which says WIA prohibits "employment-generating activities, economic development, and other similar activities not directly related to training for eligible individuals."¹⁶ The actual language in WIA, however, seems less clear. Public Law 105-220 says, "The local (workforce development) board shall *coordinate* the workforce investment activities ... *with economic development strategies* and develop other employer linkages with such activities." In addition, the law says each state's plan shall include "information describing ... the skills and economic-development needs of the state."¹⁷

One official with the National Governor's Association familiar with WIA said there are many gray areas when it comes to using training funds for

economic-development activities. Ultimately, though, the governor and the state's council will be responsible for the plan, which then must pass federal muster, said the NGA's Martin Jensen.

Other Goals of Plan

Besides linking economic-development goals with workforce training, other key elements of the comprehensive plan include: setting up an educational system that ties into employer's short-term, intermediate, and long-term worker needs; establishing forecasts of labor demand for industry clusters and foundations at the state and regional/county level; providing more efficient access to employment and job-training information and services (that will benefit jobseekers and employers) by expanding the state's One-Stop Career Centers; and formalizing linkages between state and local decision makers involved with workforce development, which will also "preserve local autonomy."¹⁸

In terms of meeting worker supply, the plan proposes breaking job training into three areas of employers' needs — short-term (one year or less), intermediate (two to four years) and long-term (more than four years) (see Table 3). The plan proposes that short-term labor shortages could be offset through the normal unemployed, underemployed adults, and adults who need retraining (also known as dislocated workers); intermediate needs of workers would come from community college and four-year college students; and the long-term supply of workers would be developed through the state's K-12 system.

Two examples of how this approach would work: 1) if a high-tech company had a short-term shortage of assembly workers, workforce-training funds could be used to train these groups of individuals to fill these positions; or 2) to fill the long-term needs of software engineers, high-tech com-

Table 3

Matching Workforce Supply with Industry Demand

<u>Supply Pipeline</u>	<u>Industry Demand</u>
Unemployed and Underemployed Adults or Adults Needing Retraining	Short-term Needs
Community College/ Four-Year College Students	Intermediate Needs
K-12 students	Long-term Needs
<i>Source: "Arizona's Workforce Development System Comprehensive Plan," Final Revision, January 1999</i>	

panies would turn to the state universities' engineering programs.

But what if high-tech companies are hit with a short-term shortage of skilled workers, such as software engineers? That situation is currently playing out across the country, which recently led Congress to pass legislation to allow an additional 140,000 foreign high-tech workers into the country — over-and-above the 65,000 currently allowed annually — over the next several years.¹⁹ According to the plan, normally those positions would come under "intermediate" and "long-term" needs of companies and be filled by students enrolled in community and four-year colleges, as well students currently in the K-12 system.

In this scenario, Bishop admits the state's workforce-training plan would not be able address those needs. In addition, at the Glendale Community College forum, the president of the Arizona Software Association said that even if the plan addressed companies' worker demand, it wouldn't be enough unless there is financial support to back it up, pointing out the benefit of supplementing federal training dollars with state funds. "Any dollar the state puts into this,

the state will receive back 10 times over," said Ed Denison. In addition, Denison said the state will also have to be proactive in its approach if it wants to be a "player" in the information technology sectors (e.g., Software cluster), where in 1997 those type of jobs paid twice the average Arizona wage (\$27,500).

Besides the Arizona Software Association, a private-industry group called Arizona Learning Technology Partnership is urging the Legislature to adopt a \$104 million-a-year program to upgrade teacher training, integrate technology into school curricula, and provide sufficient in-school support to keep computer systems running.²⁰ A bill (HB 2152) addressing this issue is currently in the Legislature. It would give \$25.5 million for schools to spend on teacher training and technical support during the next school year. Also, HB 2366 has been introduced in the Legislature to create a joint committee on workforce development, which will study where the "quality and quantity" of the state's workforce "is sufficient to supply the needs of industries" If passed, a report of the committee's finding would be completed by Dec. 15, 2000.²¹

Developing Cluster Data

Another key part of the plan calls for the development of specialized data that forecasts occupational demand in GSPED cluster groups and foundations. The plan says that current 10-year occupational forecasts produced by the Department of Economic Security's Research Administration are too broad, in terms of occupations and industries, and cover only one-third of the state's counties.

The plan says the state needs to forecast occupational growth within GSPED industry clusters and foundations, and at the very least at the regional level. "... the existing system is not designed, and therefore not useful, to project demand in the 'value-added' areas of Arizona's economy — i.e., export-oriented industry clusters. And yet, knowing demand for jobs by industry cluster would help the state to better prepare its workforce," the report says.²²

Most of the detailed cluster data the plan seeks could be provided through existing federally-funded, state data-collection programs run by DES, Research Administration (RA), said Chris Hedin, RA's LMI supervisor. However, since use of current federal funding is tied to a federal/state cooperative agreement which mandates the state collect and forecast a specific type of occupational data, additional funds (from other government or private-industry sources) would be needed to forecast data specified in the plan.

One possible source of funding for cluster research would be through WIA, which authorizes funding over the next five years to states for developing and maintaining an "employment statistics system" to help meet a state's WIA goals.²³ In order to receive these funds a state must designate a single agency to manage and oversee this system, and Gov. Jane Dee Hull has already designated DES as the lead agency. As part of devel-

Table 4

Levels of Service Available at Arizona's One-Stop Career Centers

Types of Facilities

23 Full-Service Locations — Similar in nature to a full-service post office, provides in-depth assessment of skills, group or individual counseling, case management and short-term prevocational assistance. Training services (see below) are reserved for those who are unable to obtain or retain employment following intensive services and who meet eligibility requirements. Each Workforce Investment Area must establish at least one full-service location. Most full-service sites in Arizona are located at workforce-development or Job Service offices.

33 Satellite Centers — Similar in nature to a satellite post office, offers limited staff for career development and employer services (see above), plus printed information on services offered at full-service sites. Job Service and other job listings available through national and local Internet sites. Most satellite centers in Arizona are located at community-action type of organizations (e.g., Urban League, Chicanos por la Causa).

65 Electronic Access Points — Strictly a self-service site, provides access to labor market information and Job Service listings through Internet. Most are located at public libraries.

Training Services (Available on Limited Basis at Full-Service Sites)

- * Financial help for education and training
- * GED classes
- * Help in identifying job interests and abilities and type of job to look for; writing resume; filing for unemployment benefits; job placement; on-the-job training programs; out-of-area job-search assistance; specialized services for Veterans, Migrant Farm Workers, persons aged 55 or older, low-income persons, laid-off workers and youth (age 14-21); workshops on various job seeking topics.

Employer Services (Available at Full-Service Sites)

Information on: child care; employment certification; Equal Employment Opportunity rules; in-house personnel activities; Rapid Response Dislocated Worker Assistance; tax credits; Unemployment Insurance taxes; local labor market information.

Source: *One-Stop Talk, Issue 9, Fourth Quarter 1998, Arizona Department of Economic Security, Division of Rehabilitative Services*

oping an employment statistics system, the state is required to consult with employers, local workforce investment boards, and education officials in order to develop the type of data they feel is necessary to make the state's WIA plan succeed. And under this provision, the law allows the state to "conduct such other data collection, analysis, and dissemination activities as will ensure an effective statewide employment statistics system."²⁴

Bishop has also suggested creating public-private partnerships to fund

special projects not be covered under traditional public-funding streams, such as developing specialized labor market information. But that may require getting waivers from the federal government. In the meantime, as a pilot project, the Office of Workforce Development Policy has already contracted (using its own funds) with a private-sector company to collect occupational demand data on the Software cluster. For additional mapping of occupations with industry clusters, however, her office may need state or outside funding.

Expanding One-Stop Centers

The other two major elements of the plan — expanding the state's One-Stop Career Centers; and formalizing linkages between state and local decision makers involved with workforce development — are already well under way.

Through grants awarded previously by the U.S. Labor Department, as of February the state had opened 23 full-service One-Stop Career Centers, with at least one each in every county but Santa Cruz. In Arizona, most of the full-service centers are either housed inside Job Service offices or workforce-development offices (e.g., JTPA). In addition, Arizona has 33 limited-service satellite offices, primarily located in community-service organizations, and 65 electronically-connected self-service offices, with most found on computer terminals at public libraries.

Full-service centers provide a “core” group of services — such as initial assessment of skills, job search and placement assistance, and information on the availability of supportive services — that are available to all of the public. Then, for those unable to find employment through core services, additional “intensive” services — such as individual counseling, case management — are available if the client meets certain eligibility criteria. Finally, there are “training” services — through training providers approved by local WIA boards — for those who are eligible for intensive services who are not able to find or maintain employment.

The comprehensive plan calls for continued expansion of the One-Stop Career Centers. However, because it was the U.S. Labor Department's intent to only provide seed money to start up the centers — with hopes that state and local governments would continue funding the services — federal funding is likely to dry up in the near term. The head of the state's One-Stop program, Stan Flowers, said funding will be tight to continue maintaining the

Table 5

Overall Goals of One-Stop Centers

- ✓ Universal Access — Provide customers access to a wide array of employment and training programs and services, regardless of where they live
- ✓ Customer Choice — Customers have a choice in what programs and services to access, as well as how and where
- ✓ Integration — Co-location and electronic integration allow a seamless service delivery of workforce development programs and services
- ✓ Accountability — Customer satisfaction and performance-based outcomes will determine continuous improvement strategies

Source: Arizona Department of Economic Security Internet Site:
<http://www.de.state.az.us/oscc>

full-service sites. Possible sources of funding could come from training providers contracted with the state, or out of “program neutral” federal funds (e.g., Wagner-Peyser). Flowers and DES Assistant Director Bill Hernandez, who's Division of Rehabilitative Services oversees the One-Stop program, aren't optimistic about the state picking up the tab. However, Hernandez says funds will be found to maintain the full-service sites.

Although there is no immediate intent to merge the Job Service and One-Stop programs in Arizona, the state has started an innovative pilot project involving the two programs. At One-Stop sites in Sierra Vista and Cottonwood, jobseekers are able to gain full access (e.g., name, address) to employer job listings. Normally that information is suppressed from the public and only given out by Job Service counselors. “This means that the jobseekers can view the employer contact information and application procedures, and evaluate his/her suitability for the opening,” said an article in a state One-Stop newsletter.²⁵ About 35 percent of employers are allowing full access to

their job information, far above what the One-Stop program had expected, the newsletter said.²⁶

The Office of Workforce Development Policy appears to have taken a proactive approach to formalize linkages between state and local decision makers. Besides Bishop and her office touring the state to explain the goals of the comprehensive plan, the plan makes several recommendations to establish strong working relationships between the state and local levels. Two of these are: developing criteria and recommendations to be used by the governor in designating local Workforce Investment Areas and certifying local boards; and co-planning and implementing a Local Planning Institute which would bring representatives from local WIAs together for an “intensive educational and planning process” to assist in refining or drafting local implementation plans.²⁷

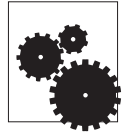
In addition, the plan recognizes some of the barriers to economic development and employment on Arizona's Indian reservations. It calls for launching a special initiative with Indian communities “to formulate strategies for linking economic development and workforce development.”²⁸

Despite these actions, however, it remains to be seen how much flexibility will be allotted to local boards and individuals in Arizona. While WIA invests more power at the state level, preliminary regulations from the Labor Department have pointed out that the law also provides more options to local programs.

“The State Board's actions should increase the ability of the local Board to respond to local needs and to achieve results in their respective local areas,” said a Labor Department document to help state and local workforce boards develop a five-year strategic plan.²⁹ “Emphasizing the importance of these relationships during the developmental states of planning will help ensure that the State's five-year strategic plan

(continued on back page)

Industry Update



Phoenix Metro Area

Manufacturing

Perhaps waiting until after the holiday period to give out the bad news, **several Valley high-tech companies** announced in late January plans for **significant layoffs or the close of production facilities**. **Motorola Inc.** announced it would close its **silicon-wafer manufacturing operation** at its east Phoenix plant, eliminating about 650 jobs. The Schaumburg, Ill.-based company had already eliminated more than 2,000 jobs at several Valley operations during the past year due to restructuring, including 250 wafer production workers at the Phoenix plant. ... Scottsdale-based **EMG Networks**, which makes educational software beamed to schools by satellite, will **shut its doors by early summer**, laying off 350 workers. The move was precipitated by the purchase of EMG's parent company (Simon & Schuster's educational and reference book division) by a British media company, Pearson Plc. ... Weakness in the semiconductor industry will lead to the **layoff of 130 assembly line workers** at Chandler-based **Microchip Technology Inc.**, or about 20 percent of the company's production capacity. ... The unit affected produces five-inch-diameter silicon wafers.

Sensing a declining interest in tennis among Americans, the **parent company of Penn Racquet Sports** plans to **sell its North American manufacturing and marketing operations in Phoenix**. The facility, one of the largest in terms of tennis-equipment production in the world, currently employs about 400 people. GenCorp. anticipates selling the Phoenix operation by March. No information was available about any potential effects on employment.

Trade

Continuing their expansion mode are national drug store chains **Walgreens and Osco; bookstore Borders Books & Music, and Boston Pizza**. With already 137 Arizona locations, **Walgreens** said it expects to open a **dozen more in 1999**, while **Osco** plans to **add nine** this year to its existing 72 Arizona locations. ... Trying to keep up with the Barnes & Nobles, the **Borders chain** is opening **two new Phoenix-area stores** — Chandler in February and north Phoenix in spring — to add to its existing four stores statewide. ... And if you don't have enough choices for pizza, then **nine new Boston Pizza Restaurants** in the Valley should fill the bill, or your stomach.

Services

The **Gilbert Town Council** has given **zoning approval** to a proposed four-story, **\$40 million hospital** by Mesa-based **Lutheran Healthcare Network**, which operates two other Valley hospitals. Construction on the 50- to 75-bed hospital at the corner of Ray and Greenfield roads, along with one of three medical office buildings, is ex-

pected to begin at the end of 1999. A 250-bed, seven-story tower is planned in the future as Gilbert expands in size.

Tucson Metro Area

Manufacturing

A Canadian software company which makes voice-recognition programs is expanding its operations into the United States and will make its **U.S. headquarters in Tucson**. **BCB Voice Systems Inc.** will initially **hire about a dozen workers**.

Government

The **University of Arizona** plans to **expand its Arthritis Center** at University Hospital by the end of the year. When complete, it will take up the entire eighth floor of the hospital (encompassing 20,000 square feet) and include 13 research labs, an epidemiology unit, and an audiovisual education room.

Balance of State

Manufacturing

Almost all of the **600 workers at McCulloch Corp. plants in Lake Havasu City and Tucson were laid off** in early January, due to continuing losses in the company's North American chainsaw and garden-equipment operations. At this point the layoffs are not officially permanent, but unless new financing is found, workers are not expected to be brought back anytime soon.

Services

Aegis Communications Group is expanding its telemarketing operations into **Sierra Vista**, initially **creating 700 customer-service jobs** (paying between \$7 and \$9 an hour) with the potential to increase to 1,000 sometime in the future. Aegis, which employs 9,000 workers nationally at 26 call centers for clients such as Sony, US West, and Procter & Gamble, will work with Cochise College to provide prospective employees up to 15 credit hours of free training at the Sierra Vista campus.

Construction could begin late this year or early in 2000 on the first phase of a proposed **new regional medical center** that is expected to fill the needs of the **Sierra Vista area** until 2025. When eventually completed, the 40-plus-acre medical complex south of the city will include more than 100 beds and reduce the need of traveling to Tucson for most health services.

Ground was broken on a **\$1.8 million addition** to the **Arizona Health Center in Camp Verde** that will double the hospital's size to 8,000 square feet. **AET**

Economic Development Tied to Training Programs

(continued from page 10)

is broad enough to encompass differing State and local approaches, yet specific enough to reflect local visions, needs and economic development strategies."³⁰

Notes:

1. "Congress Approves measure to Revamp Federal Worker-Training Programs," David Wessel, *The Wall Street Journal*, Aug. 3, 1998, p. B8.
2. Depending on their readiness, states will begin implementing their plan either July 1, 1999, or July 1, 2000. Arizona is planning to start its program in 2000.
3. "Arizona's Workforce Development System Comprehensive Plan," Final Revision, January 1999, p. 7
4. Ibid., p. 3.
5. Ibid.
6. Ibid.
7. ES-202 Unemployment Insurance Records, Arizona Department of Economic Security, Research Administration.
8. "Arizona Occupational Employment Forecasts, 1996-2006," Arizona Department of Economic Security, Research Administration, February 1999.
9. "Arizona's Workforce Development System Comprehensive Plan," Final Revision, January 1999, p. 4.
10. Ibid., p. 6.
11. Ibid., p. 7.
12. *Industry Update*, Arizona Department of Economic Security, Research Administration, Jan. 2, 1999.
13. Ibid.
14. "Job training program faces huge funds cuts," Naamen Nickell, *The Arizona Republic*, Feb. 17, 1999.

15. "Arizona's Workforce Development System Comprehensive Plan," Final Revision, January 1999, p. 12.
16. "Workforce Investment Act — Preview Draft of Regulatory Issues," Administration Section, Question 16, "What activities are prohibited?" U.S. Dept. of Labor, Employment and Training Administration, Dec. 9, 1998.
17. Workforce Investment Act of 1998, Public Law 105-220, "Subtitle B — Statewide and Local Workforce Investment Systems," Chapter 1, Sec. 112, "State Plan," Aug. 7, 1998.
18. "Arizona's Workforce Development System Comprehensive Plan," Final Revision, January 1999, p. 8.
19. "High-tech worker visa bill gets reprieve," Sougata Mukherjee, *The Business Journal* Washington Bureau, *The (Phoenix) Business Journal*, Oct. 16, 1998, p. 11.
20. "Official cites shortage of technology workers," Ed Taylor, *The Tribune*, Dec. 17, 1998, p. B1.
21. HB 2366 — 441R — 1Ver., House of Representatives, 44th Arizona Legislature, 1999.
22. "Arizona's Workforce Development System Comprehensive Plan," Final Revision, January 1999, p. 23.
23. Published on Internet site of Interstate Conference of Employment Security Agencies and reprinted in *Institute News*, a newsletter of America's Labor Market Information System (ALMIS), September 1998, p. 2-3.
24. Ibid.
25. *One-Stop Talk*, Issue 9, Fourth Quarter 1998, Arizona Department of Economic Security, Division of Rehabilitative Services, One-Stop Career Center Program.
26. Ibid.
27. "Arizona's Workforce Development System Comprehensive Plan," Final Revision, January 1999, p. 9.
28. Ibid., p. 41.
29. "Planning Guidance and Instructions for Submission of the Strategic Five-Year State Plan for Title I of the Workforce Investment Act of 1998 and the Wagner Peyser Act," U.S. Department of Labor, Employment and Training Administration, December 1998, p. 10



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30. Ibid., p. 8. **AET**

—Brent Fine,
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